

Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 68

HOUSE BILL 2550

AN ACT

AMENDING SECTION 15-910, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-910, Arizona Revised Statutes, is amended to
3 read:

4 15-910. School district budgets; excess utility costs;
5 desegregation costs; tuition costs for bond issues;
6 costs for registering warrants; report

7 A. The governing board may budget for the district's excess utility
8 costs which are specifically exempt from the district's revenue control
9 limit. If approved by the qualified electors voting at a statewide general
10 election, the exemption from the revenue control limit under this subsection
11 expires at the end of the 2008-2009 budget year. The uniform system of
12 financial records shall specify expenditure items allowable as excess utility
13 costs, which are limited to direct operational costs of heating, cooling,
14 water and electricity, telephone communications and ~~sanitation~~ SANITATION
15 fees. The department of education and the auditor general shall include in
16 the maintenance and operation section of the budget format, as provided in
17 section 15-903, a separate line for utility expenditures and a special excess
18 utility cost category. The special excess utility cost category shall
19 contain budgeted expenditures for excess utility costs, determined as
20 follows:

21 1. Determine the lesser of the total budgeted or total actual utility
22 expenditures for fiscal year 1984-1985.

23 2. Multiply the amount in paragraph 1 of this subsection by the total
24 percentage increase or decrease in the revenue control limit and the capital
25 outlay revenue limit for the budget year over the revenue control limit and
26 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
27 available from a career ladder program or a teacher compensation program
28 provided for in section 15-952.

29 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is
30 the amount budgeted in the utility expenditure line.

31 4. Additional expenditures for utilities are budgeted in the excess
32 utility cost category.

33 B. The governing board shall apply the same percentage increase or
34 decrease allowed in the revenue control limit and the capital outlay revenue
35 limit as provided in section 15-905, subsection E or section 15-948 to the
36 utility expenditure line of the budget.

37 C. The governing board may expend from the excess utility cost
38 category only after it has expended for utility purposes the full amount
39 budgeted in the utility expenditure line of the budget.

40 D. The governing board may, after notice is given and a public meeting
41 is held as provided in section 15-905, subsection D, revise at any time
42 before May 15 the amount budgeted in the excess utility cost category for the
43 current year. Not later than May 18, the budget as revised shall be
44 submitted electronically to the superintendent of public instruction.

1 E. If the revised excess utility cost category results in an
2 expenditure of monies in excess of school district revenues for the current
3 year, the county school superintendent shall include within the revenue
4 estimate for the budget year monies necessary to meet the liabilities
5 incurred by the school district in the current year in excess of revenues
6 received for the current year.

7 F. If a school district receives a refund of utility expenditures or
8 a rebate on energy saving devices or services, the refund or rebate shall be
9 applied against utility expenditures for the current year as a reduction of
10 the expenditures, except that the reduction of expenditures shall not exceed
11 the amount of actual utility expenditures.

12 G. The governing board may budget for expenses of complying with or
13 continuing to implement activities which were required or permitted by a
14 court order of desegregation or administrative agreement with the United
15 States department of education office for civil rights directed toward
16 remediating alleged or proven racial discrimination which are specifically
17 exempt in whole or in part from the revenue control limit and the capital
18 outlay revenue limit. This exemption applies only to expenses incurred for
19 activities which are begun before the termination of the court order or
20 administrative agreement.

21 H. If a governing board chooses to budget monies outside of the
22 revenue control limit as provided in subsection G of this section, the
23 governing board may do one of the following:

24 1. Use monies from the maintenance and operation fund equal to any
25 excess desegregation or compliance expenses beyond the revenue control limit
26 before June 30 of the current year.

27 2. Notify the county school superintendent to include the cost of the
28 excess expenses in the county school superintendent's estimate of the
29 additional amount needed for the school district from the primary property
30 tax as provided in section 15-991.

31 3. Employ the provisions of both paragraphs 1 and 2 of this subsection
32 provided that the total amount transferred and included in the amount needed
33 from property taxes does not exceed the total amount budgeted as prescribed
34 in subsection J, paragraph 1 of this section.

35 I. THROUGH FISCAL YEAR 2003-2004, the maximum amount which a governing
36 board may budget outside of the capital outlay revenue limit as provided in
37 subsection G of this section is twelve per cent of the maintenance and
38 operation desegregation budget as provided in subsection J of this section
39 OR THE AMOUNT THAT IT BUDGETED PURSUANT TO THIS SUBSECTION FOR FISCAL YEAR
40 2001-2002, WHICHEVER IS LESS. If a governing board chooses to budget monies
41 outside of the capital outlay revenue limit as provided in subsection G of
42 this section, the governing board may notify the county school superintendent
43 to include the cost of the excess expenses in the county school

1 superintendent's estimate of the additional amount needed for the school
2 district from the primary property tax as provided in section 15-991.

3 J. A governing board using subsections G, H and I of this section
4 shall:

5 1. SHALL prepare and employ a separate maintenance and operation
6 desegregation budget and capital outlay desegregation budget on a form
7 prescribed by the superintendent of public instruction in conjunction with
8 the auditor general. The budget format shall be designed to allow a school
9 district to plan and provide in detail for expenditures to be incurred solely
10 as a result of compliance with or continuing to implement activities which
11 were required or permitted by a court order of desegregation or
12 administrative agreement with the United States department of education
13 office for civil rights directed toward remediating alleged or proven racial
14 discrimination.

15 2. SHALL prepare as a part of the annual financial report a detailed
16 report of expenditures incurred solely as a result of compliance with or
17 continuing to implement activities which were required or permitted by a
18 court order of desegregation or administrative agreement with the United
19 States department of education office for civil rights directed toward
20 remediating alleged or proven racial discrimination, in a format prescribed
21 by the auditor general in conjunction with the department of education as
22 provided by section 15-904.

23 3. ON OR BEFORE SEPTEMBER 30, 2003 AND AT LEAST ONCE EVERY TWO YEARS
24 THEREAFTER, SHALL COLLECT AND REPORT DATA REGARDING ACTIVITIES RELATED TO A
25 COURT ORDER OF DESEGREGATION OR AN ADMINISTRATIVE AGREEMENT WITH THE UNITED
26 STATES DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS TO THE DEPARTMENT OF
27 EDUCATION IN A FORMAT PRESCRIBED BY THE DEPARTMENT OF EDUCATION. THE
28 DEPARTMENT SHALL COMPILE AND SUBMIT COPIES OF THE REPORTS TO THE GOVERNOR,
29 THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND
30 THE CHAIRPERSONS OF THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF
31 REPRESENTATIVES. THE REPORTS SHALL INCLUDE:

32 (a) A COPY OF THE ANNUAL FINANCIAL REPORT RELATED TO DESEGREGATION
33 ACTIVITIES AS PRESCRIBED IN THIS ARTICLE.

34 (b) THE COST PER PUPIL OF DESEGREGATION ACTIVITIES, LISTED SEPARATELY
35 FOR EACH SCHOOL DISTRICT AND FOR EACH PROGRAM.

36 (c) A SUMMARY OF THE RESULTS OF ALL DESEGREGATION ACTIVITIES,
37 INCLUDING A DEMONSTRATION OF DEMOGRAPHIC AND ACADEMIC ACHIEVEMENT
38 TRENDS. ALL DEMOGRAPHIC AND ACHIEVEMENT DATA SHALL BE LISTED SEPARATELY FOR
39 EACH ACTIVITY AND THIS DATA SHALL BE COMPARED TO THE DATA FOR THE REST OF THE
40 SCHOOL DISTRICT.

41 (d) A CHRONOLOGICAL SUMMARY OF ALL RELEVANT COURT FILINGS, PLEADINGS
42 AND CORRESPONDENCE TO WHICH THE SCHOOL DISTRICT IS A PARTY IN ANY
43 DESEGREGATION PROCEEDING. IF THE SCHOOL DISTRICT HAS AN AGREEMENT WITH THE
44 UNITED STATES DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS, ANY CHANGES

1 TO THE AGREEMENT, ANY CORRESPONDENCE BETWEEN THE SCHOOL DISTRICT AND THE
2 OFFICE OF CIVIL RIGHTS AND A CHRONOLOGICAL SUMMARY OF THESE EVENTS SHALL BE
3 SUBMITTED WITH THE OTHER INFORMATION REQUIRED BY THIS SUBDIVISION.

4 (e) THE ACTIONS CURRENTLY BEING TAKEN BY SCHOOL DISTRICTS UNDER COURT
5 ORDERS OF DESEGREGATION TO ACHIEVE UNITARY STATUS, INCLUDING AN ESTIMATE OF
6 ANY COSTS THAT MAY BE INCURRED IN ORDER TO ACHIEVE UNITARY STATUS.

7 (f) ANY OTHER INFORMATION THAT THE DEPARTMENT OF EDUCATION DEEMS
8 NECESSARY IN ORDER TO CARRY OUT THE PURPOSES OF THIS PARAGRAPH.

9 K. The governing board may budget for the bond issues portion of the
10 cost of tuition charged the district as provided in section 15-824 for the
11 pupils attending school in another school district, except that if the
12 district is a common school district not within a high school district, the
13 district may only include that part of tuition which is excluded from the
14 revenue control limit and district support level as provided in section
15 15-951. The bond issues portion of the cost of tuition charged is
16 specifically exempt from the revenue control limit of the school district of
17 residence, and the primary property tax rate set to fund this amount shall
18 not be included in the computation of additional state aid for education as
19 provided in section 15-972, except as provided in section 15-972, subsection
20 E. The department of education and the auditor general shall include in the
21 maintenance and operation section of the budget format, as provided in
22 section 15-903, a separate category for the bond issues portion of the cost
23 of tuition.

24 L. The governing board may budget for interest expenses it incurred
25 for registering warrants drawn against a fund of the school district or net
26 interest expense on tax anticipation notes as prescribed in section
27 35-465.05, subsection C for the fiscal year preceding the current year if the
28 county treasurer pooled all school district monies for investment as provided
29 in section 15-996 for the fiscal year preceding the current year and, in
30 those school districts that receive state aid, the school districts applied
31 for an apportionment of state aid before the date set for the apportionment
32 as provided in section 15-973 for the fiscal year preceding the current year.
33 The governing board may budget an amount for interest expenses for
34 registering warrants or issuing tax anticipation notes equal to or less than
35 the amount of the warrant interest expense or net interest expense on tax
36 anticipation notes as prescribed in section 35-465.05, subsection C for the
37 fiscal year preceding the current year as provided in this subsection which
38 is specifically exempt from the revenue control limit. For the purposes of
39 this subsection, "state aid" means state aid as determined in sections 15-971
40 and 15-972.

41 Sec. 2. Joint legislative committee on desegregation expenses;
42 report

43 A. A joint legislative committee on desegregation expenses is
44 established consisting of:

1 1. Four members of the house of representatives, no more than two of
2 whom shall be members of the same political party. The leader of each of the
3 two major parties of the house of representatives shall appoint two members
4 to serve on the joint legislative committee. Members appointed pursuant to
5 this paragraph shall be selected within thirty days after the effective date
6 of this act. The speaker of the house of representatives shall select one
7 of the members appointed pursuant to this paragraph to serve as cochairperson
8 of the joint legislative committee.

9 2. Four members of the senate, no more than two of whom shall be
10 members of the same political party. The leader of each of the two major
11 parties of the senate shall appoint two members to serve on the joint
12 legislative committee. Members appointed pursuant to this paragraph shall
13 be selected within thirty days after the effective date of this act. The
14 president of the senate shall select one of the members appointed pursuant
15 to this paragraph to serve as cochairperson of the joint legislative
16 committee.

17 B. The joint legislative committee shall review the following:

18 1. The desegregation expenditures by school districts.

19 2. The impact of school district desegregation expenses on the state
20 general fund.

21 3. The legal basis and the legal requirements of desegregation
22 programs provided by school districts.

23 4. The negotiation process and the requirements of the office of civil
24 rights and the agreements that result, including the potential for
25 renegotiation of agreements.

26 5. The potential fiscal and programmatic impact of the conversion of
27 school districts that are currently under a desegregation court order to
28 unitary status under federal law.

29 6. A comparison and an analysis of the differences between funding
30 mechanisms for school district desegregation expenses in this state and other
31 states for school districts that are subject to a desegregation court order.

32 7. A comparison and an analysis of the differences between funding
33 mechanisms for school district desegregation expenses in this state and other
34 states for school districts that are subject to an administrative agreement
35 with the United States department of education office for civil rights.

36 8. Possible alternative funding mechanisms for school district
37 desegregation expenses, including the potential for any legal liability for
38 the state.

39 9. The results of the programs that have resulted from desegregation
40 court orders and administrative agreements with the United States department
41 of education office of civil rights, including demographic and academic
42 achievement trends.

43 C. The joint legislative committee shall submit a report of its
44 findings, recommendations and proposed legislation to the governor, the

1 president of the senate and the speaker of the house of representatives on
2 or before December 1, 2002. The committee shall provide a copy of the report
3 to the secretary of state and the director of the Arizona state library,
4 archives and public records.

5 Sec. 3. Desegregation budget; limit; sunset review;
6 recommendations

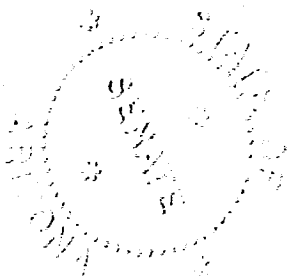
7 Notwithstanding section 15-910, Arizona Revised Statutes, through
8 fiscal year 2003-2004, a school district shall not budget more on
9 desegregation activities in any single fiscal year than the school district
10 budgeted for these purposes in fiscal year 2001-2002. By December 1, 2003,
11 the committees of reference for the education committees of the senate and
12 the house of representatives shall conduct a sunset review of the funding
13 mechanisms for desegregation activities. The committees of reference shall
14 make recommendations for proposed legislation for consideration during the
15 forty-sixth legislature, second regular session.

16 Sec. 4. Delayed repeal

17 Section 2 of this act, relating to the joint legislative committee on
18 desegregation expenses, is repealed from and after December 31, 2002.

APPROVED BY THE GOVERNOR APRIL 24, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2002.



Passed the House February 12, 2002,

by the following vote: 52 Ayes,

7 Nays, 1 Not Voting

[Signature]
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate April 4, 2002,

by the following vote: 20 Ayes,

5 Nays, 5 Not Voting

[Signature]
President of the Senate

Norma Lowel
Asst Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

H.B. 2550

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this day of , 20 ,

at o'clock M.

Secretary of State

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 22, 2002,

by the following vote: 43 Ayes,

14 Nays, 3 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

22 day of April, 2002

at 2:19 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 24 day of

April, 2002,

at 12:21 o'clock P M.

[Signature]
Governor of Arizona

H.B. 2550

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 25 day of April, 2002

at 9:43 o'clock A M.

[Signature]
Secretary of State